

Message Text

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TO SECSTATE WASHDC 1226

INFO AMCONSUL ZURICH

UNCLAS SECTION 1 OF 2 BERN 3526

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SUBJ: PROPOSED INDUSTRIAL AND COMMERCIAL SECURITY EQUIPMENT

TRADE MISSION TO SPAIN, ITALY AND SWITZERLAND, MARCH 1976

REF: STATE 168331

1. SUMMARY: SWITZERLAND HAS ALWAYS BEEN AS ISLAND OF SAFETY WITH A LOW RATE OF CRIME BUT IT IS NOW BECOMING MORE SECURITY MINDED THAN WAS THE CASE A COUPLE OF YEARS AGO. THIS IS AT LEAST PARTIALLY THE RESULT OF INCREASING CONCERN ABOUT SOCIAL UNREST IN ADJACENT COUNTRIES AND GROWING PROBLEMS IN SWITZERLAND ITSELF. PREMONITIONS OF INSTABILITY SEEM TO SPUR THE SALE OF ALARM AND SECURITY SYSTEMS. SALES OF RESIDENTIAL TYPE EQUIPMENT ARE REPORTED TO HAVE DOUBLED WITHIN FOUR YEARS. GOVERNMENT AGENCIES SUCH AS THE ARMY, AND CERTAIN INDUSTRIES, HAVE QUIETLY BEGUN TO APPOINT SPECIALISTS TO STUDY THEIR SECURITY PROBLEMS, AND HOW TO IMPROVE THEIR EXISTING SECURITY SYSTEMS. THE FOUR LARGEST BANKS (SWISS CREDIT BANK, UNION BANK OF SWITZERLAND, SWISS BANK CORP., AND SWISS VOLKSBANK) HAVE ESTABLISHED A JOINT SECURITY COMMITTEE TO IMPROVE AND STANDARDIZE THEIR SECURITY SYSTEMS. THE SWISS CREDIT BANK ALONE SPENT ABOUT DOLS 2.5 MILLION FOR THIS PURPOSE IN 1974. THE EXPENDITURES OF THE OTHER LARGE BANKS ARE THOUGHT TO BE ABOUT THE SAME LEVEL. IN VIEW OF THIS SITUATION MANY COMPANIES HAVE STARTED TO DIVERSIFY INTO THIS FIELD BY DEVELOPING THEIR OWN PRODUCTS, OR BY ACQUIRING REPRESENTATIONS

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AND LICENSES. A SPECIALIZED TRADE PUBLICATION WAS

SUCCESSFULLY INTRODUCED UNDER THE NAME "PROTECTOR"
ABOUT THREE YEARS AGO.

2. COMPETITIVE SITUATION: US-MADE SECURITY EQUIPMENT ENJOYS THE REPUTATION OF BEING THE MOST ADVANCED AND RELIABLE AT RELATIVELY REASONABLE COST. IT IS ESTIMATED TO HOLD A SHARE OF ABOUT 25 PER CENT OF THE TOTAL MARKET, EXCLUDING ELECTRONIC PARTS AND OTHER COMPONENTS BEING USED FOR LOCALLY-MANUFACTURED SYSTEMS. THE US POSITION IS ESPECIALLY STRONG IN THE FIELD OF SENSORS, DETECTING DEVICES AND SIMILAR ITEMS OPERATING ON THE BASIS OF ULTRASOUND, INFRARED, NOISE AND SEISMIC DETECTION, ETC. THE MAIN PROBLEMS WITH US-MADE ITEMS ARE LOCAL ELECTRICAL SAFETY REGULATIONS AND CERTAIN REGULATIONS ABOUT THE USE OF FREQUENCIES BY THE SWISS PTT. LOCAL REPRESENTATIVES FEEL, HOWEVER, THAT THESE QUESTIONS COULD BE SOLVED EASILY IF US SUPPLIERS WOULD SHOW MORE WILLINGNESS TO COOPERATE TECHNICALLY WITH THE IMPORTERS, OR AT LEAST TO GIVE THEM THE NECESSARY TECHNICAL ASSISTANCE TO ADAPT THE EQUIPMENT TO LOCAL STANDARDS. SWITZERLAND IS A HIGHLY COMPETITIVE AND SOPHISTICATED MARKET REQUIRING EXCELLENT SERVICE AND THE CAPABILITY TO HANDLE APPLICATIONS ENGINEERING AND RELATED ACTIVITIES. IF A PRODUCT IS ACCEPTED, IT WILL FIND AN INTERESTING, FINANCIALLY-STRONG MARKET. LARGE ENDUSERS SUCH AS GOVERNMENT AGENCIES AND BANKS TEND TO PREFER THE SYSTEMS OF KNOWN COMPANIES ABLE TO GUARANTEE EFFICIENT SERVICE. THEY FEAR THAT SOME US SUPPLIERS MIGHT TRY TO MAKE A QUICK SALE WITHOUT BOTHERING ABOUT WHAT HAPPENS AFTERWARDS. HOWEVER, IF A COMPETENT LOCAL REPRESENTATIVE CAN PROVIDE SERVICE AND IF THE US MANUFACTURER SHOWS HIS WILLINGNESS TO COOPERATE CLOSELY, PURCHASING OFFICIALS WOULD BE MORE THAN HAPPY TO SERIOUSLY CONSIDER US-MADE SECURITY SYSTEMS. THEY ARE AWARE OF THE HIGH TECHNICAL STANDING OF AMERICAN EQUIPMENT AND FOLLOW TECHNICAL LITERATURE AND TRADE PUBLICATIONS VERY CLOSELY.

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3. THERE ARE THREE DOMINANT MANUFACTURERS OF ALARM SYSTEMS IN THIS COUNTRY - CERBERUS AG, MAENNEDORF; SECURITON, ZOLHKOFEN; AND HASLER INSTALLATIONS AG IN BERN. THEY COMMAND A VERY STRONG POSITION, COVERING 40 TO 50 PER CENT OF THE MARKET. THEY MAINTAIN CLOSE CONNECTIONS TO US INDUSTRY IN THIS FIELD USING SUBSTANTIAL QUANTITIES OF AMERICAN COMPONENTS FOR THEIR OWN SYSTEMS. ALL THREE COMPANIES EXPRESSED GREAT INTEREST IN MEETING WITH THE PLANNED TRADE MISSION IN CONNECTION WITH THEIR INTEREST IN OBTAINING FURTHER REPRESENTATIONS AND MANUFACTURING RIGHTS, AS DID ALL OTHER FIRMS CONTACTED FOR THIS STUDY.

4. THIRD COUNTRY COMPETITION CONCENTRATES ON WEST GERMAN, FRENCH AND JAPANESE SUPPLIERS. JAPANESE ALARM EQUIPMENT HAS THE REPUTATION OF BEING SOMEWHAT SHODDY, WHILE GERMAN SYSTEMS ARE WELL-REGARDED.

5. SIZE OF MARKET: THE SIZE OF THE SWISS MARKET FOR SECURITY EQUIPMENT IS DIFFICULT TO ESTIMATE. IMPORT FIGURES ARE NOT AVAILABLE, AND THE EXPENDITURES OF GOVERNMENT AGENCIES FOR SUCH EQUIPMENT ARE NOT KNOWN. HOWEVER, IT IS KNOWN THAT IMPORTANT ENDUSER GROUPS SUCH AS THE BANKS SPEND ABOUT DOLS 13 MILLION ANNUALLY FOR THIS PURPOSE, AND LARGE DEPARTMENT STORES INVEST ABOUT DOLS 1.5 MILLION FOR THE PREVENTION OF SHOP LIFTING AND BULGLARY. PART OF THE BANKS' EXPENDITURES ALSO INCLUDE RELATED CONSTRUCTION WORK. THE NUMBER OF POTENTIAL RESIDENTIAL-TYPE ENDUSERS IS ESTIMATED BY LOCAL UNCLASSIFIED

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DEALERS AT ABOUT 100,000 WITHIN THE COMING TEN YEARS. THEY INVEST PER CLIENT BETWEEN DOLS 2,500 AND DOLS 5,000 FOR SECURITY SYSTEMS. THE ARMY IS CONSIDERING INTRODUCTION OF SO-CALLED AREA PROTECTION SYSTEMS TO SECURE IMPORTANT INSTALLATIONS SUCH AS AMMUNITION DEPOTS, MISSILE SITES, ETC. OTHER POTENTIAL CLIENTS ARE ELECTRIC POWER COMPANIES WHICH ARE STUDYING HOW TO IMPROVE SECURITY AT NUCLEAR POWER PLANTS AND SIMILAR FACILITIES. MOST OF THESE APPLICATIONS INVOLVE TECHNOLOGY NOT READILY AVAILABLE IN EUROPE AND IN WHICH THE US HAS A CLEAR ADVANTAGE.

6. ITEMS OF INTEREST: AS A GENERAL RULE, ONLY TECHNICALLY-ADVANCED EQUIPMENT IS OF INTEREST. MANUFACTURERS OF "TRADITIONAL ITEMS" SUCH AS ALARM HORNS, BELLS, SAFES, ETC., WILL FIND LITTLE INTEREST HERE. THIS APPLIES ALSO TO TV-CAMERAS FOR WHICH THE MARKET IS FLOODED BY EUROPEAN AND JAPANESE MANUFACTURERS. OF INTEREST ARE SYSTEMS FOR AREA PROTECTION (TO PREVENT INTRUSION) FOR OUTDOOR INSTALLATION USING RADAR, INFRARED, OR SEISMIC DETECTION; CAPACITIVE FENCES; ULTRA SOUND ALARM SYSTEMS FOR INDOOR APPLICATION; MAGNETIC CONTACT ALARMS; PERSONAL SAFETY - SO-CALLED HOLDUP ALARMS - WITH RELATED MONITORING SYSTEMS; IDENTIFICATION AND AUTOMATIC CHECKING DEVICES (FINGERPRINT, PHOTOGRAPHIC AND OTHER SYSTEMS); SYSTEMS TO PREVENT SHOPLIFTING (BUT NOT MIRRORS OR SIMILAR CONVENTIONAL TYPES OF EQUIPMENT) ESPECIALLY FOR USE AT STORES SELLING JEWELRY, FURS, CLOTHING, ETC.; EQUIPMENT TO SECURE COMPUTER ROOMS AND TO PREVENT ABUSE OF STORED CONFIDENTIAL DATA, AS WELL AS RELATED "KNOW HOW" AND ENGINEERING. OF INTEREST ALSO ARE SMALL DEVICES TO PREVENT THEFT OF ITEMS OF HIGH VALUE AT EXHIBITIONS, MUSEUMS, HOMES, ETC., SUCH AS PAINTINGS AND OTHER ART WORKS. MANUFACTURERS OF NOVEL TYPES OF FIRE ALARMS AND RELATED SMOKE, HEAT, AND OTHER SENSORS WOULD BE MOST WELCOME.

7. COMMENT: PARTICIPANTS SHOULD BE MADE AWARE OF THE HIGH TECHNICAL COMPETENCE OF MOST POTENTIAL REPRESENTATIVES, MANUFACTURERS AND ENDUSERS WHICH THEY WILL MEET IN SWITZERLAND. THEY SHOULD BE INFORMED ABOUT THE UNCLASSIFIED

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SIGNIFICANCE OF AFTER SALES SERVICE AND OF A CONTINUING CLOSE COOPERATION WITH REPRESENTATIVES, AND OF THE NECESSITY TO ADAPT CERTAIN ITEMS TO LOCAL OR EUROPEAN STANDARDS. IT SHOULD BE STRESSED THAT DIRECT SALES ARE ALMOST IMPOSSIBLE IF QUICK SERVICE BY THE MANUFACTURER ITSELF OR A REPRESENTATIVE CANNOT BE PROVIDED. MOST SWISS WHOM THEY WILL MEET WILL BE INTERESTED IN REPRESENTATION OR LICENSING. MANY OF THEM ALSO COVER ADJACENT COUNTRIES OR ALL OF EUROPE. THE PLANNED TRADE MISSION HAS AROUSED GREAT INTEREST AMONG MANUFACTURERS AND ENDUSERS WHO WOULD LIKE TO INFORM THEMSELVES ABOUT NEW EQUIPMENT. THE EMBASSY SHOULD HAVE NO DIFFICULTIES IN ARRANGING A SUFFICIENT NUMBER OF MEANINGFUL MEETINGS WITH POTENTIAL REPRESENTATIVES AND LICENSEES FOR US FIRMS WITH SUPERIOR EQUIPMENT AND THE DETERMINATION TO APPROACH THE SWISS MARKET SERIOUSLY. ODELL

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